REMARKS

As a preliminary matter, Applicants' attorney thanks the Examiners for the thorough examination and the removal of the previous final official action. Nevertheless, the Examiner has set forth a new ground of rejection in the March 15, 2004 Official Action. The Examiner now has rejected Claims 1-20 under 35 U.S.C. §103 as being unpatentable over Javors (US 2002/0152097), Kathryn P. Glass (Incentive-Based Physician Compensation Models, July 1999), in view of Khorasani et al (6,029,138). Applicants respectfully disagree.

Javors, Glass et al., and Khorasani et al. Each Fails To Recognize The Problems Addressed By Applicants Claimed Invention

As an initial matter, neither Javors, Glass et al., nor Khorasani et al. even recognize the problems, which Applicants' claimed invention is directed to solving. The Supreme Court in the famous Eibel Process case has long acknowledged that recognition of the problem not previously recognized by others is part of the invention and is an indicator of nonobviousness of an invention. Accordingly, as set forth extensively in the "Background" section of the instant application, Applicants have recognized that previous methods of managing healthcare practice groups have numerous disadvantages and have been largely unsuccessful in the climate and times of the instant application. For example, as set forth in the "Background" section of the present application, Applicants recognized that, in healthcare practice group management, such as a plurality of physicians in a practice group, managing the practice group effectively with respect to ancillary medical costs can be the difference between losing money and not. Applicants also recognized that the existing healthcare system will be difficult or impossible to overhaul, and Applicants have recognized a novel and nonobvious method of consulting with healthcare practice groups to thereby reduce the risk that these groups lose money. As a result, those within the group, such as physicians, can more effectively manage their healthcare practice. Applicants, however, have now provided an elegant solution to these problems. Such problem recognition and elegant solution are not found in the cited art, alone or in combination.

In contrast, the purpose of Javors, for example, is to provide a whole new healthcare management model. It specifically talks about the problems with the current healthcare model. Although overhauling the current healthcare model may have some merits, such overhauling is

not the purpose of the present claimed invention, and such overhauling entails significant political, financial, economical, and other types of disadvantages. Also, unlike the present claimed invention, Javors clearly fails to recognize the problems with current management of healthcare practice as recognized by Applicant, fails to recognize how to provide incentives to those within the practice group as claimed, and clearly fails to recognize such an elegant solutions to enhance managing such healthcare practice groups as set forth in the instant application.

Glass et al. describes a physician productivity-influencing model to increase the number of patients seen by a physician. Glass also fails to recognize the problem, e.g., providing incentives with respect to ancillary medical costs, and simply is directed to ways to help the physician's throughput (number of patients seen)---speed of delivery. This, likewise, is totally unrelated to the present claimed invention and makes the patient seem like only a unit on a production assembly line. Glass fails to teach or suggest the elegant and effective solution proposed by Applicants for beneficial and more effective healthcare practice group management so that physicians, insurance companies, and patients all benefit. Khorasani et al. further fails to recognize the problems addressed by Applicants and fails to provide any solutions for problems (which, of course, it fails to recognize).

Khorasani et al. is directed to solving problems related to diagnosing patient symptoms, namely which diagnostic and therapeutic tests for a physician to select to use on a patient based on results of similar tests used on other patients. In other words, the problems recognized by Khorasani et al. relate to the selection of inappropriate or ineffective tests on patients "by sparing patients from unnecessary procedures which may delay time to reach a correct diagnosis or may subject the patient to unnecessary risks." (Col. 1, lines 22-24).

As such, Applicants respectfully submit that to somehow use three completely different patent documents (a published patent application, an published scientific article, and an issued patent), which each fails to recognize the problems which Applicants both recognize and address and which each have completely different purposes from each other and from the present claimed invention, is surprising and awkward and would not be what one skilled in the art would look to do to somehow arrive at the present claimed invention. Perhaps it is bit like mixing

apples and oranges in hopes of obtaining grapes. The three cited patent documents have nothing to do with each other. The problems addressed and purposes of Javors, Glass et al. and Khorasani et al. are completely different, the systems and methods of these patent documents are completely different, and the software/hardware technology concepts used to accomplish the purposes therein are completely different. So, Applicants respectfully submit that to somehow attempt to combine selected piecemeal portions of these three patent documents that fail to recognize the problems addressed by Applicants claimed invention or have related purposes to then somehow arrive at the claimed invention is improper. For this reason alone, Claims 1-20 define over the cited art.

II. No Proper Prima Facie Case of Obviousness Has Been Set Forth As Required

Nevertheless, to address each of Examiner's concerns more explicitly, in the Official Action (paragraphs 1-2), the Examiner has rejected Claims 1-20 under 35 U.S.C. § 103(a) as being unpatentable over Javors, in view of Glass et al., and further in view of Khorasani et al. Applicants disagree. To establish a proper prima facie case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Third, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and not based on the Applicants' disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991); *see also* MPEP 706.02(J).

A. No suggestion or motivation to modify the references or combine reference teachings.

Applicants respectfully submit that the Examiner has failed to meet the first element of a prima facie case for obviousness. First, there is no suggestion or motivation, any of the cited patent documents themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. The Examiner has the burden of proffering a showing of this motivation to combine and has not met it here. No real support or evidence at all has been set forth by the Examiner.

Instead, in an improper fashion, the Examiner has merely read Applicants' disclosure to find the motivation and incentive within Applicants' disclosure and then attempted to combine piecemeal sections of Glass into Javors by saying that such a combination is justified by "the motivation of aligning incentives with the goals of the a healthcare practice and encouraging others to adopt new behaviors consistent with the group's strategic goals (See Paragraph 46 of Glass)". Notably, the Examiner totally disregards the basis for the incentives suggested in Glass (or what Glass teaches as a whole), namely "the more procedures performed and patients seen, the more physicians are paid" and "[a] selected percentage of the dollar value of production by each provider is the compensation component" (See Paragraph 3 of Glass). The RVU compensation model is based on productivity (throughput based on the number of patients seen by a physician---again the assembly line approach) and performance (budgeted level versus actual level of patient satisfaction, number of patients seen, etc.). So, in "proper" context, what Paragraph 46 of Glass is actually saying is that "[i]t is important to have physician leaders embrace the plan" (namely the RVU Compensation Plan) in order to align incentives in the RVU Compensation Plan with productivity and performance "goals of the practice" to encourage others to adopt new behavior (namely productivity and performance behaviors) and to "buy into the new program" (RVU Compensation Plan). The teaching in Glass is to align productivity and performance goals of the RVU Compensation Plan for physician leaders and is not focused on problems associated with "ancillary medical costs" in a healthcare practice group. With all respect, and with this "proper" context in mind, the Examiner either has not properly understood this Glass teaching or ignores this teaching in an attempt to piecemeal some kind of "out of context" hindsight motivation. Clearly, Glass provides no motivation to combine with Javors and to set forth that "paying funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time" is well known in the art is simply wrong. As such, Applicants suggest that the Examiner's evidence of motivation is improper and non-existent.

Also, the existence of a gaping hole is the Examiner's attempt to piecemeal evidence using improper hindsight further is amplified by the admission that the combined teachings of Javors and Glass do not disclose "establishing a relationship between a healthcare consultation

group and the healthcare practice participating in the insurance network to increase the plurality of physicians' profitability by reducing a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network; modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of the ancillary medical costs; and distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians' ancillary medical cost management." In other words, in addition to the "improper" context used by the Examiner as alleged evidence, significant elements of the claimed invention remain missing with the combined teachings. Applicants respectfully submit that such missing elements further highlights why someone skilled in the art, in fact, would have no motivation to combine Javors and Glass, especially absent Applicants teachings in the instant application. How would one skilled in the art even consider, let alone go about, finding such a motivation without the improper and insidious use of hindsight? Again, no "proper" evidence of combining Javors and Glass has been provided.

Further, again in yet another improper attempt to "create" evidence, the Examiner suggests that by looking to Khorasani with "the motivation of providing systems that either seek to change the physicians behavior or interfere with traditional practice routines which are often not adopted readily by physicians (See Khorasani, Col. 1, lines 36-40)" these significant missing elements from Claim 1 and not found in either Javors or Glass would be obvious to one skill in the art. With all respect, but to highlight the absurdity of such a combination and the clear lack of evidence for any motivation, Applicants believe it is important to remember that Javors as a whole teaches a new healthcare management model, and Glass as a whole teaches a physician compensation model that pays physicians based on number of patients seen (assembly line approach) and budgeted versus actual performance. Now, the Examiner suggests that these two patent documents (Javors and Glass) can somehow be combined with Khorasani et al. which as a whole teaches a computer system for decision support in the selection of diagnostic and therapeutic test and interventions for patients, namely for physicians ordering studies results of similar types of treatments used on patients in the past. Applicants respectfully submit that this awkward combination is just wrong. These totally disparate teachings of three different patent documents are somehow improperly being sewn together by selected piecemeal portions

therefrom—the net effect is truly a Frankenstein result (namely scary and unrecognizable)—not the claimed invention with its elegant solution to addressing significant problems associated with ancillary medical costs.

More specifically, Khorasani et al. describes a computer system (a clinical information system) to order a study to be performed on a specified patient and indications for the study. "The received indications for the selected study are used to access a database of result codes for previous studies having the same indications, including studies performed on other patients. A result of the comparison of the selected study and specified indications to the result codes database is then sent to the ordering physician." (Col. 2, lines 14-22). Nevertheless, in view of these clear teachings in Khorasani et al., the Examiner takes portions of this patent document, namely lines (Col. 1, lines 36-40), out of context which refer to physicians' generally hesitancy to adopt and use clinical information systems (see Col. 1, lines 33-40 in context) to allege that this is some type of evidence or support for combining the teachings related to using diagnostic systems with a patent document that teaches a new healthcare model and a patent document that teaches increasing the number of patients seen by a physician to increase there compensation. With all respect, again these lines in Khorasani are really no evidence. A discussion in a patent document (Khorasani) related to physician hesitancy to adopt the use of computer system to help analyze patient symptoms over traditional practice routines is not evidence of motivation of one skilled in the art to combine the teachings of Khorasani (symptom diagnostic system) with Javors (new healthcare management model) and Glass (plan to increase number of patients seen by a physician to increase compensation). Not only is there nothing explicit in the cited patent documents that would suggest the modification, there is also nothing implicit suggesting modifying the cited patents, as the teachings, knowledge of one of ordinary skill in the art, and nature of the problem to be solved, as a whole, would not suggest doing so to those of ordinary skill in the art as is required in MPEP 2143.01 and *In re Kotzab*, 217 F.3d 1365, 1370, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000).

Still further, even if the cited patent documents somehow could be combined or modified, this still is not sufficient to establish a *prima facie* obviousness unless the prior art also suggests the desirability of the combination. MPEP 2143.01. Not only is there no suggestion as to the desirability of the combination, discussed above, but also the combination would not in fact be

desirable as the absurd result, when properly taken for the patent documents teach as a whole, would be a new healthcare model that increases compensation to physicians for number of patients seen and diagnoses symptoms of the patients seen. Clearly, this has nothing to do with the claimed invention and fails to provide an improved or enhanced method and system of collecting fees for managing a healthcare practice group.

Finally, even assuming a motivation and an ability to combine the patents, the MPEP 2143.01 states: "the fact that the claimed invention is within the capabilities of one of ordinary skill in the art is not sufficient by itself to establish *prima facie* obviousness." Instead, the Examiner is required to provide evidence of such motivation and the desirability of making such a combination. And yet, nothing else has been shown by or set forth by the Examiner—other than the "out of context" citations to the patent documents. Therefore, for at least this reason, Applicants respectfully submit that a proper prima facie case of obviousness has not been set forth, that the present claimed invention is not obvious, and that Claims 1-20 define over the cited art.

B. No reasonable expectation of success.

The Examiner has also failed to meet the second element of a prima facie case for obviousness because there must be, and there is not in this present case, a reasonable expectation of success. Clearly, from the discussion above and a quick examination of the patent documents, one skilled in the art would realize that the modification of the prior art patent fails to produce the Applicants' present claimed invention, namely an improved or enhanced method of collecting fees for managing a healthcare practice such as a plurality of physicians. Instead, the combination, as suggested above, results in an absurd new model of a healthcare system that increases physician compensation based on increasing the number of patients seen and yet uses a computer system that assists in diagnosing patients- again not the claimed invention. Therefore, the second element of a prima facie case of obviousness has not been satisfied, and for this reason as well, the claimed invention is not obvious and defines over the cited art.

C. The cited patent documents fail to teach or suggest all the claim limitations.

Finally, the Applicants respectfully submit that the Examiner has failed to meet the third element of a prima facie case for obviousness, which requires all claimed features be taught or

suggested. In this case, as set forth above, the Examiner takes the position that Javors, Glass, and Khorasani show all of the elements. Applicants submit that this simply is not true. First, with respect to Claim 1, the Examiner states that Javors discloses funding an incentive pool, but fails to disclose "paying funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time." (page 3 of Official Action). What the Examiner, however, does not say at this point with respect to Claim 1, for example, is that Javors also fails to disclose or suggest "establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to increase the plurality of physicians' profitability by reducing a risk of the healthcare practice not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network", "modifying behavior of at least one of the plurality of physicians in the healthcare practice for management of ancillary medical costs", "paying funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time", and "distributing predetermined percentages of savings attributed to the modifying behavior of the plurality of physicians ancillary medical cost management." So, the Examiner basically takes the position with respect to Claim 1 (as well as Claim 8) that the preamble and funding an incentive pool are disclosed in Javors and that only the preamble of Claim 13 is disclosed in Javors---that's it. All of these other elements are missing from Javors, and Applicant's submit that this shows what a "stretch" (improper hindsight) is being made to allege this combination.

Nevertheless, the Examiner then turns to Glass as an initial patent document in an awkward attempt to find these numerous missing pieces. Here, the Examiner alleges that Glass somehow shows "paying funds from the funded incentive pool to the healthcare practice participating in the insurance network if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time"—yet this is not true. Glass, in fact, fails to teach or suggest such a step. The Examiner references pages 42-44, paragraphs 47-52 of Glass for this step, but this section of Glass describes a compensation plan to pay patients based on the number of patients seen

(productivity) and performance (actual vs. budget)—again the assembly line concept. This fails to teach or suggest "paying funds ....if the ancillary medical costs of the plurality of physicians in the healthcare practice do not decrease to a preselected level over a preselected period of time." This step is simply not taught in Glass is and is clearly a missing element in the Examiner's analysis. The Examiner asserts that the fact that Glass pays a General Surgeons' base salary to be paid annually to read on "preselected time period" and then goes on to describe bonuses and incentives being paid to the General Surgeon. This analysis, however, misses the mark for several reasons: (1) again, the RVU compensation model described in Glass (see page 41, para. 41 of Glass) is paying physicians based on number of patients seen (productivity) and actual vs. budgetary performance (such as accurate medical records, patient satisfaction, etc.)—not even close to the model suggested in the instant application; (2) Glass fails to teach or suggest anything with respect to "ancillary medical costs"; (3) Glass fails to teach or suggest not paying if the ancillary medical costs do not decrease (Claims 1 and 8); and (4) Glass fails to teach or suggest distributing percentages of savings in an insurance network to the insurance network and the healthcare management consultation group if the ancillary medical costs decrease to a preselected level over a preselected time (Claim 13). Again, all of this is missing in Glass, and Applicants respectfully submit what the Examiner alleges is taught in Glass either is not what Applicants set forth in the Claims or simply is not taught in Glass.

The Examiner, then, acknowledges that numerous elements in Claims 1, 8, and 13 are still missing from both Javors and Glass (see page 4, para. 1 of Official Action). Applicants submit, however, that even more than what the Examiner acknowledges are still missing from such a combination. Nevertheless, these numerous missing elements are supposedly found in Khorasani. This, however, also is simply not true. Again, Khorasani describes a computer system to assist doctors in diagnosing symptoms/diseases/illnesses. To support the Examiner's assertions, the Examiner references Col. 5, lines 34-67 to Col. 6, line 26 which describes how a physician places an order on the computer system for a study in a decision support module. It guides the physician through what other studies show and what steps to take for treatment. This has nothing to do with collecting fees, fails to teach or suggest increasing profitability of a practice group by not receiving reimbursement amounts for ancillary medical costs from the insurance network, and distributing predetermined percentages of savings. In other words, this is

simply not what is taught in the referenced Columns 5-6 of Khorasani and remains missing elements in Claims 1-20. Clearly, this demonstrates the missing elements from the claims in the Examiner's analysis. Therefore, for this reason as well, the claims are nonobvious and define over the cited art.

Accordingly, as a proper prima facie case of obviousness has not been shown, including lack of motivation, improper hindsight, and missing elements, Claims 1-20 have been shown to be nonobvious and define over the cited art.

CONCLUSION

In view of the remarks set forth herein, Applicants respectfully submit that the application is in condition for allowance. Accordingly, the issuance of a Notice of Allowance in due course is respectfully requested.

Respectfully submitted,

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